

Wireless Silicon Valley Behind Schedule

The complete 40-city project is expected to cost between \$100 million and \$150 million to build.

By [Richard Martin](#), [InformationWeek](#), May 31, 2007 02:00 PM

One of the largest municipal wireless projects in the country, a 40-city project to blanket the Silicon Valley with municipal Wi-Fi coverage, is beset with delays and lacks a signed contract with the network provider.

[Wireless Silicon Valley](#) was originally scheduled to have at least two one-square-mile concept networks (in Palo Alto and San Carlos) up and running by now. A consortium known as Silicon Valley Metro Connect (comprised of Cisco Systems (NSDQ: [CSCO](#)), IBM (NYSE: [IBM](#)), SeaKay, and Azulstar) is constructing the project, which would be one of the largest municipal wireless networks in the world at completion.

Instead, no construction on the ambitious project has begun and a signed agreement is still likely months away.

"We are not happy about the delays with project," said Seth Fearey, the executive director of Smart Valley, an information-technology initiative formed out of [Joint Venture: Silicon Valley Network](#), a civic organization established in 1993. "It's taking a lot longer than anybody expected to get this thing together."

Brian Moura, the co-chair of Wireless Silicon Valley, told the *Palo Alto Daily News* that the two test networks should be live sometime this summer. The concept areas were originally scheduled to go online by the end of February 2007.

Fearey blames the delay on Metro Connect, which he said has not yet approved final language for the contract between Joint Venture Silicon Valley and the providers. Azulstar, considered the primary contractor on the project, recently hired a new CEO and has all-new senior management. "Azulstar's new management team has come in and is assessing the situation," said spokesperson Noa Eisenberg.

Azulstar is one of the less prominent companies in a market where many of the leading muni-Wi-Fi providers are closely held startups with uncertain revenue prospects and costly build-out commitments. Fearey says that, while he's not concerned about Azulstar's immediate future, "They're getting stretched awfully thin."

The Silicon Valley network is expected cost between \$100 million and \$150 million to build, he adds -- and the governments of the region are not footing any of that bill.

Silicon Valley thus joins a long list of muni-Wi-Fi projects that have faced [delays and setbacks](#), including Philadelphia, San Francisco, and Tempe, Arizona. Two of the leading early network

builders, [EarthLink](#) and [MetroFi](#), have both recently said they're reviewing their business models for municipal wireless projects.

Besides being one of most ambitious municipal Wi-Fi projects in the country, the Silicon Valley network is being developed specifically to avoid some of the pitfalls that have beset other city-wide networks, according to Fearey. Most announced municipal Wi-Fi projects are either free advertising-supported models or will rely on subscriber revenue to make money; the majority center on one distinct municipality, and thus have one government entity as the primary contractee; and many are focused on basic e-mail and Internet access for residents and local businesses, using unlicensed 2.4GHz spectrum.

"We're different in all those dimensions," said Fearey, explaining that the multi-city Silicon Valley project will rely mostly on revenue from government agencies that purchase services from the network, and will run over multiple frequencies both licensed and unlicensed. The network will also be primarily designed for outdoor coverage, not attempting to penetrate homes and office buildings.

"We have the vision of a general-purpose infrastructure, for which people will find a whole collection of new applications that we can't even imagine," Fearey comments. "We're really looking to build a market that has many dimensions."

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